
AGRESERVES LIMITED

ABBREVIATED ACCOUNTS

**FOR THE YEAR ENDED
31 DECEMBER 2002**



AGRESERVES LIMITED

COMPANY INFORMATION

DIRECTORS

J W Creer
K F Keeler
T G Rueckert (resigned 19/02/02)
C R Jolliffe
A K Broadway
C O Jones (appointed 19/02/02)

SECRETARY

C O Jones and P J Wheeler

COMPANY NUMBER

2947030

REGISTERED OFFICE

Manor Farm
Woodwalton
Huntingdon
Cambridgeshire
PE17 5YU

AUDITORS

Martin & Acock
Chartered Accountants & Registered Auditors
2 The Close
Norwich
Norfolk
NR1 4DJ

AGRESERVES LIMITED

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DIRECTORS' REPORT
For the year ended 31 December 2002

The directors present their report and the financial statements for the year ended 31 December 2002.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The company's principal activity continues to be that of arable and livestock farming.

The company continued to operate a policy of generating the highest profits feasible from efficient farming techniques that utilise the latest technology whilst ensuring the appearance and upkeep of the farm land and buildings which are maintained to a high standard.

The directors are committed to maintaining the positive trends in crop performance, whilst striving to improve economic rewards gained from the continued operating success, and are confident that previous levels of profitability can be attained.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £14,439 (2001 - £nil) .

The directors do not recommend the payment of a dividend.

DIRECTORS

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	Ordinary shares of £1 each	
	<u>31/12/02</u>	<u>1/1/02</u>
J W Creer	-	-
K F Keeler	-	-
T G Rueckert (resigned 19/02/02)	-	-
C R Jolliffe	-	-
A K Broadway	-	-
C O Jones (appointed 19/02/02)	-	-

AGRESERVES LIMITED

DIRECTORS' REPORT
For the year ended 31 December 2002

AUDITORS

The auditors, Martin & Acock, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 14 August 2003 and signed on its behalf.



C R Joffe
Director

INDEPENDENT AUDITORS' REPORT TO AGRESERVES LIMITED
Under section 247B of the Companies Act 1985

We have examined the abbreviated accounts of AgReserves Limited for the year ended 31 December 2002 set out on pages 4 to 18, together with the financial statements of the company for the year ended 31 December 2002 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the registrar and *whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.*

BASIS OF AUDIT OPINION

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, *that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.* The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246 A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 18 are properly prepared in accordance with those provisions.

Martin and Acock

Martin & Acock

Chartered Accountants
Registered Auditors

2 The Close
Norwich
Norfolk
NR1 4DJ

15 August 2003

AGRESERVES LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2002

	Note	2002 £	2001 £
GROSS PROFIT		1,112,300	1,230,703
Administrative expenses		<u>(1,046,826)</u>	<u>(1,164,638)</u>
OPERATING PROFIT	2	65,474	66,065
Charitable Payment		(84,776)	(111,531)
Interest receivable		<u>19,302</u>	<u>45,466</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	-
TAX ON PROFIT ON ORDINARY ACTIVITIES	5	<u>14,439</u>	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>£ 14,439</u>	<u>£ -</u>

All amounts relate to continuing operations.

The notes on pages 9 to 18 form part of these financial statements.

AGRESERVES LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 December 2002

	2002	2001
	£	£
PROFIT FOR THE FINANCIAL YEAR	14,439	-
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	£ 14,439	£ -

The notes on pages 9 to 18 form part of these financial statements.

AGRESERVES LIMITED

ABBREVIATED BALANCE SHEET
As at 31 December 2002

	Note	2002	2001
		£	£
FIXED ASSETS			
Tangible fixed assets	6	920,240	1,139,290
Investments	7	6,928,674	4,478,774
		<u>7,848,914</u>	<u>5,618,064</u>
CURRENT ASSETS			
Stocks	8	1,463,687	1,453,508
Debtors	9	2,757,129	959,461
Cash in hand		848	1,445
		<u>4,221,664</u>	<u>2,414,414</u>
CREDITORS: amounts falling due within one year	10	<u>(2,863,054)</u>	<u>(1,924,954)</u>
NET CURRENT ASSETS		<u>1,358,610</u>	<u>489,460</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,207,524</u>	<u>6,107,524</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	11	-	(14,439)
NET ASSETS		<u>£ 9,207,524</u>	<u>£ 6,093,085</u>
CAPITAL AND RESERVES			
Called up share capital	12	4,100,000	1,000,000
Capital redemption reserve		5,350,000	5,350,000
Profit and loss account	13	(242,476)	(256,915)
SHAREHOLDERS' FUNDS - All Equity	14	<u>£ 9,207,524</u>	<u>£ 6,093,085</u>

AGRESERVES LIMITED

ABBREVIATED BALANCE SHEET
As at 31 December 2002

The abbreviated accounts, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to medium-sized companies, were approved by the board on 14 August 2003 and signed on its behalf.

A handwritten signature in black ink, consisting of a large, stylized 'M' or 'H' shape with a long horizontal stroke extending to the right.

Director

The notes on pages 9 to 18 form part of these financial statements.

AGRESERVES LIMITED

ABBREVIATED CASH FLOW STATEMENT
For the year ended 31 December 2002

	Note	2002 £	2001 £
Net cash flow from operating activities	15	(1,120,432)	(105,946)
Returns on investments and servicing of finance	16	19,302	45,466
Capital expenditure and financial investment	16	(12,239)	(453,882)
Acquisitions and disposals	16	(1,825,000)	-
Deed of covenant payable		(84,776)	(111,531)
CASH OUTFLOW BEFORE FINANCING		(3,023,145)	(625,893)
Financing	16	3,100,000	-
INCREASE/(DECREASE) IN CASH IN THE YEAR		£ 76,855	£ (625,893)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (NOTE 17)
For the year ended 31 December 2002

	2002 £	2001 £
Increase/(Decrease) in cash in the period	76,855	(625,893)
MOVEMENT IN NET DEBT IN THE YEAR	76,855	(625,893)
Net (debt)/funds at 1 January 2002	(192,244)	433,649
NET DEBT AT 31 DECEMBER 2002	£ (115,389)	£ (192,244)

The notes on pages 9 to 18 form part of these financial statements.

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 2002

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Farm building improvements and drainage	-	Straight Line over 5 to 20 years
Plant and equipment	-	Straight Line over 5 to 10 years
Motor vehicles	-	Straight Line over 3 to 10 years
Fixtures, fittings, tools and equipment	-	straight line

1.3 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on the straight line basis over the lease term.

1.4 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.5 Deferred taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

1.6 Pensions

The company operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 31 December 2001.

1.7 Area aid income

Area aid income is recognised in the profit and loss account when the underlying crops are sold. Set aside income is recognised on a receipts basis.

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 2002

2. OPERATING PROFIT

The operating profit is stated after charging:

	2002	2001
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	243,987	(243,987)
Auditors' remuneration	6,700	7,027
Operating lease rentals:		
- plant and machinery	1,449	2,245
- other operating leases	301,227	296,601
	<u> </u>	<u> </u>

3. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2002	2001
	£	£
Wages and salaries	436,439	507,242
Other pension costs	39,775	48,331
	<u> </u>	<u> </u>
	£ 476,214	£ 555,573
	<u> </u>	<u> </u>

The average monthly number of employees, including directors, during the year was as follows:

	2002	2001
Farming	10	12
Office and management	9	9
	<u> </u>	<u> </u>
	19	21
	<u> </u>	<u> </u>

4. DIRECTORS' REMUNERATION

	2002	2001
	£	£
Emoluments	£ 56,758	£ 61,001
	<u> </u>	<u> </u>
Company pension contributions to money purchase pension schemes	£ 8,372	£ 8,084
	<u> </u>	<u> </u>

During the year retirement benefits were accruing to 1 director (2001 - 1) in respect of money purchase pension schemes.

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 2002

5. TAXATION

	2002	2001
	£	£
Deferred tax		
Origination and reversal of timing differences	(14,439)	-
Tax on profit on ordinary activities	£ (14,439)	£ -

Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2002	2001
	£	£
Profit on ordinary activities before tax	-	-
Profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 30% (2001 - 30)	-	-
Effects of:		
Current tax charge for year (see note above)	£ -	£ -

Factors that may affect future tax charges

There are no factors which affect future tax charges.

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 2002

6. TANGIBLE FIXED ASSETS

	Buildings £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1 January 2002	56,690	1,816,524	111,940	1,985,154
Additions	-	281,150	-	281,150
Disposals	-	(460,127)	-	(460,127)
At 31 December 2002	<u>56,690</u>	<u>1,637,547</u>	<u>111,940</u>	<u>1,806,177</u>
Depreciation				
At 1 January 2002	27,776	738,219	79,869	845,864
Charge for the year	-	228,636	15,351	243,987
On disposals	-	(203,914)	-	(203,914)
At 31 December 2002	<u>27,776</u>	<u>762,941</u>	<u>95,220</u>	<u>885,937</u>
Net book value				
At 31 December 2002	<u>£ 28,914</u>	<u>£ 874,606</u>	<u>£ 16,720</u>	<u>£ 920,240</u>
At 31 December 2001	<u>£ 28,914</u>	<u>£ 1,078,305</u>	<u>£ 32,071</u>	<u>£ 1,139,290</u>

7. FIXED ASSET INVESTMENTS

	Shares in group under- takings £	Listed invest- ments £	Total £
Cost			
At 1 January 2002	4,473,598	5,176	4,478,774
Additions	2,449,900	-	2,449,900
At 31 December 2002	<u>£ 6,923,498</u>	<u>£ 5,176</u>	<u>£ 6,928,674</u>

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 2002

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Hallsworth (Farmland Trust) Limited	100%
Farmspeed (Southery Anchor) Limited	100%

The aggregate of the share capital and reserves as at 31 December 2002 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
Hallsworth (Farmland Trust) Limited	3,471,602	(15,878)
Farmspeed (Southery Anchor) Limited	2,299,071	(453,821)
	<u> </u>	<u> </u>

Listed investments

The market value of the listed investments at 31 December 2002 was £11,422 (2001£14,028) .

8. STOCKS

	2002 £	2001 £
Cultivations	510,429	528,161
Livestock	-	119,208
Crops in store	953,258	806,139
	<u> </u>	<u> </u>
	£ 1,463,687	£ 1,453,508
	<u> </u>	<u> </u>

9. DEBTORS

	2002 £	2001 £
Due within one year		
Trade debtors	568,738	728,630
Amounts owed by group undertakings	2,099,216	157,066
Other debtors	89,175	71,800
Prepayments and accrued income	-	1,965
	<u> </u>	<u> </u>
	£ 2,757,129	£ 959,461
	<u> </u>	<u> </u>

AGRESERVES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 2002

10. CREDITORS:
Amounts falling due within one year

	2002	2001
	£	£
Bank loans and overdrafts	116,237	193,689
Trade creditors	35,587	59,082
Amounts owed to group undertakings	2,293,561	1,293,556
Other creditors	114,319	117,772
Accruals and deferred income	303,350	260,855
	<u>£ 2,863,054</u>	<u>£ 1,924,954</u>

A composite guarantee dated 27 March 1998 is in place for indebtedness between AgReserves Limited and its two subsidiary companies, Hallsworth (Farmland Trust) Limited and Farmspeed (Southery Anchor) Limited.

11. DEFERRED TAXATION

	2002	2001
	£	£
At 1 January 2002	14,439	14,439
Released during the year	(14,439)	-
	<u>£ -</u>	<u>£ 14,439</u>

The deferred tax provision is made up as follows:

	2002	2001
	£	£
Accelerated capital allowances	-	14,439
	<u>£ -</u>	<u>£ 14,439</u>

12. SHARE CAPITAL

	2002	2001
	£	£
Authorised		
10,000,000 Ordinary shares of £1 each	£10,000,000	£ 2,000,000
Allotted, called up and fully paid		
4,100,000 Ordinary shares of £1 each	£ 4,100,000	£ 1,000,000

During the year, 3,100,000 ordinary shares of £1 each were allotted at par to increase the capital base of the company.

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 2002

13. RESERVES

Profit and loss account	£
At 1 January 2002	(256,915)
Profit retained for the year	14,439
	<u> </u>
At 31 December 2002	£ (242,476)
	<u> </u>

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Profit for the year	14,439	-
Shares issued during the year	3,100,000	-
	<u>3,114,439</u>	<u>-</u>
Opening shareholders' funds	6,093,085	6,093,085
Closing shareholders' funds	£ 9,207,524	£ 6,093,085
	<u> </u>	<u> </u>

15. NET CASH FLOW FROM OPERATING ACTIVITIES

	2002 £	2001 £
Operating profit	65,474	66,065
Depreciation of tangible fixed assets	243,987	229,635
(Profit)/loss on disposal of tangible fixed assets	(12,697)	39,387
Increase in stocks	(10,180)	(221,931)
Decrease/(increase) in debtors	144,482	(643,947)
(Increase)/decrease in amounts owed by group undertakings	(1,942,150)	144,180
Increase in creditors	15,547	38,929
Increase in amounts owed to group undertakings	375,105	241,736
	<u> </u>	<u> </u>
NET CASH OUTFLOW FROM OPERATIONS	£ (1,120,432)	£ (105,946)
	<u> </u>	<u> </u>

16. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2002 £	2001 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	£ 19,302	£ 45,466
	<u> </u>	<u> </u>

AGRESERVES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 2002

	2002 £	2001 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(281,150)	(482,022)
Sale of tangible fixed assets	268,911	28,140
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	£ (12,239)	£ (453,882)

	2002 £	2001 £
ACQUISITIONS AND DISPOSALS		
Purchase of fixed asset investments	£ (1,825,000)	£ -

	2002 £	2001 £
FINANCING		
Issue of ordinary shares	£ 3,100,000	£ -

17. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2002 £	Cash flow £	Other non-cash changes £	31 December 2002 £
Cash at bank and in hand:	1,445	(597)	-	848
Bank overdraft	(193,689)	77,452	-	(116,237)
NET DEBT	£ (192,244)	£ 76,855	£ -	£ (115,389)

18. CAPITAL COMMITMENTS

At 31 December 2002 the company had capital commitments as follows:

	2002 £	2001 £
Contracted for but not provided in these financial statements	£ -	£ -

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 2002

19. PENSION COMMITMENTS

The company operates a defined benefit pension scheme. However, the scheme is a multiple employer scheme and the company is unable to identify its share of the underlying assets and liabilities. As at 31 December 2001, there was a deficit in the scheme of £1,463,000. The contribution rate required to fund the benefits earned is 17.1% (compared with 17.8 % at the date of the 1998 actuarial valuation). The shortfall requires additional funding and based on a period of 10 years, an additional contribution would be required of 3.2% of pensionable earnings. These proposed rates are anticipated to be adequate to meet the minimum funding requirement criteria.

20. OPERATING LEASE COMMITMENTS

At 31 December 2002 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2002	2001	2002	2001
	£	£	£	£
Expiry date:				
Within 1 year	<u>301,226</u>	<u>282,860</u>	<u>-</u>	<u>-</u>

AGRESERVES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 2002

21. RELATED PARTY TRANSACTIONS

During the normal courses of business, the company carried out arm length transactions with various related parties as follows :

a) The Church of Jesus Christ of Latter-Day Saints (Welfare) Limited which, under the name of England Farm Properties, is the company's landlord

	2002	2001
	£	£
Charitable covenant payable	84,776	111,531
Rent payable	301,226	282,860
Management fees receivable	-	50,000
Debtor balance as at 31 December 2002 (2001 creditor)	<u>1,990,433</u>	<u>(1,198,921)</u>

b) Hallsworth (Farmland Trust) Limited, a 100% subsidiary of the company;

	2002	2001
	£	£
Management fees receivable	77,440	80,641
Creditor balance as at 31 December 2002	<u>(476,882)</u>	<u>(94,635)</u>

c) Farmspeed (Southery Anchor) Limited, a 100% subsidiary of the company;

	2002	2001
	£	£
Management fees receivable	69,288	67,827
Creditor balance as at 31 December 2002 (2001 debtor)	<u>(1,707,955)</u>	<u>157,066</u>

22. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's ultimate joint parent undertakings are the Corporation of the President of the Church of Jesus Christ of the Latter-Day Saints and the Corporation of the Presiding Bishopric, both corporations incorporated in the State of Utah.